

Meeting of 2006-3-21 Special Meeting

MINUTES
LAWTON CITY COUNCIL SPECIAL MEETING
MARCH 21, 2006 - 6:00 P.M.
WAYNE GILLEY CITY HALL COUNCIL CHAMBER

Mayor John P. Purcell, Jr. Also Present:
Presiding Larry Mitchell, City Manager
 John Vincent, City Attorney
 Traci Hushbeck, City Clerk
 COL Sonny Uberti, Fort Sill Liaison

Mayor Purcell called the meeting to order at 6:00 p.m. Notice of meeting and agenda were posted on the City Hall notice board as required by law.

ROLL CALL

PRESENT: Bill Shoemate, Ward One
Rex Givens, Ward Two
Janice Drewry, Ward Three Keith Jackson, Ward Four
Robert Shanklin, Ward Five
Jeffrey Patton, Ward Six (Arrived @ 6:02 p.m.)
 Stanley Haywood, Ward Seven
 Randy Warren, Ward Eight

ABSENT: None

CONDUCT ELECTION OF MAYOR PRO TEM

MOVED by Warren, SECOND by Drewry, to nominate Jeff Patton to serve as Mayor Pro Tem. AYE: Givens, Drewry, Jackson, Shanklin, Patton, Haywood, Warren, Shoemate. NAY: None. MOTION CARRIED.

Mayor Purcell thanked Randy Warren for serving as Mayor Pro Tem for the past two years.

Warren stated it was a pleasure representing both the Mayor and the City Council.

BUSINESS ITEMS:

1. Discuss and review current water conservation policies and proposed water system improvements. Exhibits: Memorandum from City Manager, Section of City Code regarding water usage, Water Conservation Proclamation, Water Usage Certification, Lake Elevation Graphs, Water Conservation Tips, Drip Grip.

Mitchell reviewed the agenda packet information. He stated the city is still operating under Stage 1 of the ordinance which calls for voluntary restrictions.

Jerry Ihler, Public Works Director, addressed lake levels over the past two years. He stated they have gone through very low lake levels as well as a point where they had to release water from Lake Lawtonka. He stated in 2004, Lawton was in a similar drought condition. The real concern is where the elevations are when they begin the summer months. He stated a couple of wet months can help recover Lake Ellsworth as well as Lawtonka. Since January the level at Ellsworth has dropped about 1.3 feet. They are pumping about 25 millions a day from Waurika to Ellsworth. He stated they if we don t get some good spring rains they will be starting out about 12 feet down.

Shanklin questioned if we have been charging pumping fees on the water bill.

Ihler stated there were pumping fees charged to the citizens. He just wanted to show the trend of Lake Ellsworth. Basically in the last month it has dropped a little over 6/10 of a foot. From the recent rain it only came up about a 1/10 of a foot. He stated all the ponds are dry and we didn t get a lot of run off. In the winter months when they are pumping from Lake Ellsworth to Lake Lawtonka during the winter months they actually gained some ground.

For the last thirty days they have been gaining ground at Lake Lawtonka. Lawtonka came up about 2/10 of a foot from the recent rainfall. He stated in July 2005 the voluntary restrictions went into play where citizens are asked to water between midnight and noon every other day. He stated Stage 2 is the mandatory restriction of outside watering. It is basically the same as Stage 1, but it does become mandatory where the watering of lawns, trees, shrubs, gardens, bedding plants, vehicle washing, washing of driveways and sidewalks, etc. are restricted to every other day between the hours of midnight and noon.

Jackson stated they are about 3 feet away from mandatory water restrictions.

Ihler stated yes. He stated the engineering division put together a computer program that simulates our water shed, evaporation and pumping from Ellsworth to Lawtonka and from Waurika to Ellsworth. He stated if we were to receive no any rainfall and they did not put in the Ellsworth bypass pipeline, they anticipate that sometime around September 2008 is when we would actually run out of water to treat at the water treatment plant.

Jackson questioned what the model would say about the 3 foot.

Ihler stated if they put in the Ellsworth bypass line and with that elevation of 1334, they are looking at mandatory restrictions around July 2007. He stated this is based on a lot of assumptions, average temperatures and evaporation.

Jackson questioned if they would be able to maintain the pumping capacities they have now.

Ihler stated that is the key part of the model, they are able to continue pumping 28 million gallons a day from Ellsworth to Lawtonka and 22-25 million gallons a day from Waurika to Ellsworth.

Shanklin questioned if Ihler had graphs for Waurika.

Ihler stated no, but he did pull up the Army Corp of Engineers website that shows that Waurika is in excellent condition. It is at around 949, which their normal operating pool is 951. They are at about 91% capacity. He stated Waurika water shed has received a lot more rain than Ellsworth and Lawtonka.

Shanklin questioned if all the pumps were working.

Ihler stated all the pumps are running. They are utilizing three pumps today from Waurika.

Givens questioned when the bypass would be ready.

Ihler stated they have already installed an isolation valve on the 42 raw water line between Ellsworth and Waurika. They have a project where they need to install about 900-1,000 feet of 36 pipe from this location to the Ellsworth pump station so that they can essentially bypass Lake Ellsworth if need be. He stated right now they pump out of Lake Ellsworth and when the level gets low, they are no longer able to pump under the current conditions from Ellsworth to Lawtonka. By constructing this bypass line, the water from Waurika does not go into the lake but goes directly into the wet well where they are essentially pumping from Waurika to Lawtonka.

Jackson stated there are no intentions of bypassing Ellsworth unless the level at Ellsworth gets low.

Givens stated that does not make any sense.

Mayor Purcell stated it does not seem too logical to keep pumping into Ellsworth. Why would they just not pump straight from Waurika to Lawtonka.

Ihler stated they are using the same pumps. They pump from Waurika to the Lawton relift station, then from the Lawton relift station to Lake Ellsworth, and then from Lake Ellsworth to Lake Lawtonka. They are going to do the same thing if they pump from Waurika to the relift station, from the relift to the wet well, but the same pumps will pick that water out of the wet well and pump into Lawtonka. They have to use the same pumps in order to get it from Ellsworth to Lawtonka from the wet well.

Mayor Purcell stated they are pumping it into the wet well as opposed to Ellsworth.

Givens questioned if there was some intermediary evaporation by taking it to Ellsworth and then Lawtonka.

Ihler stated the more water in Ellsworth, the greater the water surface elevation. There will be a greater evaporation as the water surfaces.

Givens questioned if there would be an evaporation factor if they go to Ellsworth, and then pump to Lawtonka as

opposed to going straight to Lawtonka.

Ihler stated they could do it either way. The water in Ellsworth is going to evaporate whether they are pumping into it or not.

Given stated more will evaporate from Ellsworth than Lawtonka.

Ihler stated that is correct. They could pump directly, but what is the critical level they would want Ellsworth to get to.

Warren stated if they drain Ellsworth all the way down and pump directly from Waurika to Lawtonka and if something happens to the pumps from Waurika for two weeks, there would be no water in Ellsworth to draw from. They need to keep Ellsworth full in order to be able to have water if something happens to the pipeline or the pumps.

Mayor Purcell stated they would need a policy just as they do on pumping now that says when they pump and when they bypass Ellsworth because the water is needed more in Lawtonka.

Ihler stated once the southeast water treatment plant comes on line, staff will have to revise all the pumping policies. They will need to best utilize the water because of evaporation. The new pumping policy may be based on the elevation of Ellsworth because that will be the primary source of water for the SE plant because of gravity flow. They may not want to pump from Ellsworth to Lawtonka. If they are treating 10 million gallons a day of Lake Ellsworth water, that means 10 million gallons less a day that they have to pump over to Lawtonka. They will maximize the efficiency of where they utilize the water.

Givens questioned when the bypass would be ready.

Ihler stated they hope to construct the bypass this fall and have it in place by the end of the year.

Jackson clarified that when the bypass is in place they will still pump into the wet well station at Ellsworth and then repump to Lawtonka. They will have to use the same set of pumps whether they pump from Ellsworth to Lawtonka or from Waurika to Lawtonka.

Ihler stated yes, there are still the same energy costs. It is used as a relift station at Ellsworth to get it on to Lawtonka.

Mayor Purcell stated that once the SE water treatment plant is on line, would they not be able to pump from Waurika to the SE water treatment plant and cut off the expense from there over to Ellsworth.

Ihler stated that will be addressed in the overall pumping policy that will have to be created when that comes on line. If they are using Waurika water they will just pump it to the SE plant.

Mayor Purcell stated they would save the money from extra pumping and would not have to pump as much from Ellsworth.

Shanklin questioned how many people will move in with BRAC in ten years. Will it be 15,000? Last year they treated less than 19 million gallons. They can do 45 million. Now they are going to add 10 million more with the SE water plant. Now they are going to average 23 millions gallons a day instead of the 19 million to accommodate the influx. He asked Mr. Ihler to dispute any of those numbers.

Ihler stated he cannot address what will come in with BRAC.

Shanklin stated he keeps all those charts and last year they treated less than 19 million gallons a day.

Givens stated they are here to talk about the drought, not to discuss the need for the SE water treatment plant.

Shanklin stated they are getting the SE water treatment plant, but he wants everyone to think about where the \$800,000 will come from to staff the plant and tell him what they will do with it if they had it right now.

Ihler stated the Lake Ellsworth bypass line is a critical project and they need to get that installed by the end of the year. In a drought condition, this would allow them to receive two more years worth of water supply. He reviewed the on-going water system improvement projects including the 24 water line on Cache Road, SCADA System Replacement and the SE water treatment plant.

Jackson questioned if Ihler is getting any feedback regarding more than one bidder for the SE water treatment plant project.

Ihler stated the consultant has received some calls from two or three contractors expressing interest in the project. The consultant has also contacted contractors that have bid other projects they have designed. There appears to be more interest than the last project. He stated other projects include a small CDBG project on the NE main waterline, water storage tank renovation and maintenance and the 2000 CIP waterline replacement project.

Patton questioned if they are going to have to drain the tower on 82nd.

Ihler stated it is already drained and has been down for a couple of weeks.

Patton questioned where the water goes when they drain those towers.

Ihler stated they actually used it by demand and did not fill it. He distributed water conservation tips which will be going out next month on the back of the water bills.

Jackson stated it looks like the past leaders have made good decisions setting up a system of checks and balances regarding our water supply. They have done a good job preparing for any problems they may encounter with the water supply. He stated they are in a good situation with the water and the public needs to know that in spite of the severe drought, he thinks Lawton is in good shape on the water supply. As a result they may not incur much damage to the annual budget as a result of loss of rainfall.

Ihler stated they have three raw water lakes that they can draw from for a good period of time.

Mayor Purcell stated some cities around the state are in dire straits, and we are in super shape. We need to be thankful for the good planning done years ago.

Warren stated the clean air program has been very well received by the public and questioned if they could do something along the same lines with the water conservation tips.

Mitchell stated those conservation tips will be on the utility bills over the next couple of months. They might want to spend a little money and put a wrap on one of the buses.

Ihler stated that is the key point to the beginning stage in all water conservation programs that most of the communities have. It is never too early to begin the education process for water conservation.

Mayor Purcell asked that the media help get this information out to the public.

Shanklin stated he and Jackson wanted to bring this issue up before they get into the budget and start discussing revenues from the sale of water. He doesn't want them to get the budget established too soon knowing that they may be under some water conservation.

Mayor Purcell asked Shanklin if he was more comfortable after hearing from staff regarding the current conditions.

Shanklin stated he believes they are going to lose more water than what they are talking about if the drought continues. He thinks the more water you use, the more it is going to cost.

Mayor Purcell stated this is a good thing to bring up during budget discussions.

Warren stated there is a finite amount of water because they can only pump so much from Waurika. He thinks they need to start looking at another lake in the vicinity of the SE plant. Volume is the only thing they have any control over. Available volume is the real long term concern.

Mayor Purcell stated it has been suggested that we take the water out of the wastewater treatment plant, which in most cases is cleaner and healthier water than what is in Lake Lawtonka. At some point in time they may have to consider pumping that water back into Lawtonka and retreat it.

Ihler stated he called DEQ and spoke with their Chief Engineer that morning. At this time the State of Oklahoma would not allow us to pump directly from the wastewater plant to the SE plant or not allow a discharge permit to pump directly from the wastewater plant into the Waurika pipeline into Ellsworth. He stated that public perception stopped a project in Norman.

Patton stated if the state ever has a different attitude, they could create a wetland area and let the soil filter it out and recapture.

Mayor Purcell stated it is a perception problem, but at some time the state is not going to have enough water and they will have to consider this option. We pump it out of our wastewater treatment plant after meeting EPA

qualifications and it flows downstream into someone else's water supply in Texas. He stated someone else is doing that north of Waurika.

Mitchell stated there are some additional water rights at Lake Waurika and staff has been talking with the district about the possibility of applying those additional water rights. He stated it would be very expensive but it is worth looking into and exploring.

2. Review preliminary FY 2005-2006 year-end projections and initial FY 2006-2007 budget overview of revenues and expenditures. Exhibits: Memorandum from Finance Director, Fund Balance Schedule from FY 2004-2005 external audit (Attachment 1), Fund Balance Amendment Schedule (Attachment 2), Adjusted Budget Summary FY 2005-2006 (Attachment 3).

Rick Endicott, Finance Director, stated staff has installed a new screen and wireless projector. He thanked Electronic Maintenance Division and Information Technology Division for their assistance.

Mitchell stated they had intended to have Mike Crawford at this meeting, but he was not able to attend. He stated there are two issues to discuss, one is the fund balance comparison between what is in the current budget, and the second is funded compensated absences.

Endicott stated he would like to discuss the fund balance and how they arrive at that number. Right now as they prepare for the 2006-2007 budget, they are estimating what the fund balance will be at June 30, 2006 to begin the fiscal year for July 1, 2006 through June 30, 2007. Staff tries to estimate the total expenses for the rest of the year, what the total revenue will be for the rest of the year and come up with a number that will be the ending fund balance. They do not close the books until around September 30th of every year. They have expenditures that they are working into the current year. Auditors come in and finish by December for the previous fiscal year. Whatever their audit reveals, that tells them what the actual fund balance was for the previous fiscal year. They are always working back a year and forward a year when talking about these numbers. He stated the \$4.2 million is what they estimated at this time last year to start off the 05-06 budget year. He stated the auditors actual number was the \$5.4 million.

Shanklin stated he does not understand where the \$5.4 million comes from.

Endicott stated they estimated \$4.2 million.

Shanklin questioned if it was from sales tax, sale of water, etc..

Endicott stated it came from saving through what they didn't expend, more revenue and a combination of things.

Shanklin stated they spent all the money they said they would spend in the budget. He questioned if staff arbitrarily shifts it around and does not spend it. He assumes they are going to spend that money.

Endicott stated as an example, if the state contract charges them \$16,000 for a vehicle, but six months later they find out that vehicle is \$14,000, that is a savings to the city and ends up in that fund balance number. Multiply that by many, many items and they will have a higher fund balance than what they estimated. At this point in time of the year all they can do is make an estimate for the rest of the year through June 30th. Staff tries to figure out what they are going to spend and what are they going to save.

Shanklin stated the projected carry over on July 1, 2003 was \$536,000. They didn't have \$3 or \$4 million.

Endicott stated he remembers those days when they were broke.

Shanklin stated they have had a bunch of these in the past twenty years. He questioned if they could take that \$5.4 million and put it in a savings account and go on with their business. If they only paid \$14,000 for that car, where did that savings of \$2,000 go?

Endicott stated the \$5.4 million takes the place of the \$4.2 million. According to the audit in the fiscal year of 2004-2005, they had an additional savings through expenditures, more revenue, and a combination of a lot of things. This resulted in an additional \$1.2 million. That is an actual audited number.

Shanklin questioned if the \$5.4 million is really there?

Mayor Purcell stated when they approved the budget the number was \$4.2 million. They spent all that \$4.2 million. When they got done with all those expenditures, they said at that time they would have \$1.1 million left over at the end of this year to start next year. Now the auditor came in and gave the real figure of \$5.4 instead of \$4.2. Basically that number went up about \$1.2 million.

Shanklin stated he only went back for six years and they didn't have any of these kind of numbers. Why are they

up now?

Mayor Purcell stated they were much less. Every year that audited number was somewhere in the range of \$2-\$3 million.

Shanklin stated when they knew that the number was \$4.2 million, why did they act like they didn't have any money.

Mayor Purcell stated they spend every penny of that in the budget. They spent the \$4.2 million, plus the \$27, plus the \$11 million in transfers. When they spent all that they were left with an estimated \$1.1 million.

Jackson stated that after the audit, the key number is that \$2,296,097, not the \$5.4.

Mayor Purcell stated that is the estimate of what they will have at the end of this budget year.

Endicott stated he would caution the City Council to not fixate on the \$2.3 million because it should be more than that.

Mayor Purcell stated that includes the \$980,000 they added to the budget this year.

Endicott stated he would like to talk about Compensated Absences. He stated there have been some court cases that basically say that any liability for sick leave, vacation or comp time built up for an employee must be budgeted in the current year budget. In our case, that audited number would be \$3.8 million. That number takes into account everyone that is currently employed and has built up some type of vacation, sick leave or comp leave.

Shanklin questioned if this was in the 100 accounts.

Mayor Purcell stated it is not.

Endicott stated there has been some discussion around the state with the larger cities regarding this concept of having to fund this liability in the current year budget. It is not a new law, but some court cases have made it prevalent in discussions this year.

Shanklin questioned where this would be carried in the budget book.

Endicott stated in the years he has been here, they carry on the books for accrual for the current year. If an employee has 80 hours for that year, they put on the books 80 hours of vacation, sick leave, etc. If the employee has a total of 800 hours, they do not put 720 hours of this liability in the budget. He stated the courts have interpreted that in order for a city to pay that liability, they must appropriate that money in the budget.

Endicott stated it would be a restricted fund set aside for this liability.

Mitchell stated as an example, it would be as if the city closed its doors on June 30th and dissolved and had to pay everyone their leave balances or if every employee quit.

Endicott stated this law deals with the liability side, but it does not allow them to budget for additional revenue in this year. He has spoken to Edmond, Oklahoma City and Tulsa and no one is doing this. Several cities were not even aware of this issue.

Shanklin questioned if that money would be kept separately.

Endicott stated yes.

Shanklin questioned if they could earn interest on that money.

Endicott stated he posed that question to Mike Crawford and he believes at this time that we could earn and use the interest on that money.

Jackson stated this issue needs a lot of discussion on whether or not they should attempt to amortize this cost out of a three to five year period of time until they reach that plateau. He can't believe that all these major cities in the state can financially afford to do this.

Mayor Purcell questioned if they should do what everyone is doing and ignore it until something happens.

Endicott stated they will discuss this in future budget discussions. He believes that this year the City Council can approve total 100 accounts of X dollars. He believes that will cover this number instead of just budgeting by

department accounts. They will break it down, but the resolution will say personnel costs will be \$45 million.

Shanklin questioned if this came from the state or federal level.

Endicott stated it came from the state constitution.

Vincent stated staff has had numerous discussions about this issue. The constitution does not allow you to spend money you don't have. Where in the year do you start incurring an unfunded liability? You are funded at the beginning of the fiscal year, but are unfunded as you get later in the year. They have to put money in the bank to cover that liability.

Mayor Purcell stated this is an interpretation that everyone is ignoring because in normal accounting you do not fund for contingent liabilities.

Endicott stated we are looking at \$3.8 million, but the number in Oklahoma City is \$60 million plus.

Mitchell stated he wanted to make it clear that they are budgeting current year obligations. They are talking about the historical obligations.

Endicott stated he wanted to make the City Council aware of this issue because it is something they will have to address.

Shanklin questioned how much they have in longevity pay.

Endicott stated over \$1 million.

Mayor Purcell stated the Oklahoma Municipal League has invited a group of Mayors to go to Washington D.C. on May 22nd 24th to attend a meeting about after school programs. The trip is being paid for by National League of Cities. He stated Councilmember Givens will be attending and will be funded by the state. If anyone else would like to go let Lori know.

Mayor Purcell stated the AMBUCS are having a roast on March 31st. The cost is \$50 per person. He stated they have reserved a table for ten. He asked that anyone interested contact Lori.

Shanklin stated at a previous meeting they approved a lease for \$130,000. He stated in the past they put that money in the Lakes and Land fund. He would like to request an agenda item to discuss that possibility.

Mayor Purcell stated that \$130,000 was included in the budget amendment. If they put that money towards Lakes and Lands, they will have to take another \$130,000 out of the carry over number.

There being no further business to consider, the meeting adjourned at 7:29 p.m. upon motion, second and roll call vote.

JOHN P. PURCELL, JR., MAYOR

ATTEST:

TRACI HUSHBECK, CITY CLERK